

**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF DELAWARE**

In re:

INTEGRATED HEALTH SERVICES,  
INC., *ET AL*,

DEBTORS.

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IHS LIQUIDATING LLC,

PLAINTIFF,

v.

ACE INDEMNITY INSURANCE COMPANY  
f/k/a INDEMNITY INSURANCE COMPANY  
OF NORTH AMERICA,

DEFENDANT.

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IHS LIQUIDATING LLC,

THIRD-PARTY PLAINTIFF,

v.

NATIONAL UNION FIRE INSURANCE  
COMPANY OF PITTSBURGH, PA, GENERAL  
STAR INDEMNITY COMPANY and ACE  
INDEMNITY INSURANCE COMPANY f/k/a  
INDEMNITY INSURANCE COMPANY OF  
NORTH AMERICA,

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THIRD-PARTY DEFENDANTS.

Civil Action No. 05-376 GMS

**ANSWER OF DEFENDANT NATIONAL UNION FIRE  
INSURANCE COMPANY OF PITTSBURGH, PA TO  
THIRD-PARTY COMPLAINT OF IHS LIQUIDATING LLC**

Third-Party Defendant National Union Fire Insurance Company of Pittsburgh, PA (“National Union”), by and through undersigned counsel, hereby answers the third-party complaint of IHS Liquidating LLC and respectfully states as follows:

1. National Union lacks information and belief needed to answer the allegations in this paragraph, therefore denied.
2. Admitted.

3. National Union lacks information and belief needed to answer the allegations in this paragraph, therefore denied.

4. Denied.

5. Admitted.

6. Admitted.

7. National Union lacks information and belief needed to answer the allegations in this paragraph, therefore denied.

8. National Union lacks information and belief needed to answer the allegations in this paragraph, therefore denied.

9. National Union lacks information and belief needed to answer the allegations in this paragraph, therefore denied.

10. National Union lacks information and belief needed to answer the allegations in this paragraph, therefore denied.

11. National Union admits that it issued Policy No. BE 357-43-43, which speaks for itself. In all other respects, denied.

12. National Union admits that it issued Policy No. BE 357-43-44, which speaks for itself. National Union denies that Policy No. BE 357-43-44 provides excess coverage of \$25 million per occurrence and \$25 million in the aggregate. In all other respects, denied.

13. National Union lacks information and belief needed to answer the allegations in this paragraph, therefore denied.

14. National Union admits that these are the allegations made by IICNA, but denies the substance of the allegations.

15. National Union admits that these are the allegations made by IICNA, but denies the substance of the allegations.

16. National Union lacks information and belief needed to answer the allegations in this paragraph, therefore denied.

17. National Union has recently recognized that the applicable limits of the IHS Policy and the IHS Lester Policy may contain some ambiguity as to whether the IHS Lester limits of \$2 million are in addition to the IHS Policy limits. The Policies are otherwise exhausted.

18. National Union can neither admit nor deny the allegations in this paragraph since this paragraph makes alternative hypothetical statements.

19. National Union lacks information and belief needed to answer the allegations in this paragraph, therefore denied.

20. National Union lacks information and belief needed to answer the allegations in this paragraph, therefore denied.

21. National Union admits that the statements appear in the letter attached as Exhibit D, otherwise denied.

22. National Union admits that the statements appear in the letter attached as Exhibit E, otherwise denied.

23. National Union admits it did not respond to the letter and lacks knowledge and information needed to answer whether GenStar responded to the letter, therefore denied.

24. National Union admits that the statements appear in the letter attached as Exhibit F, otherwise denied.

25. National Union admits that it did not respond to the letter. National Union lacks knowledge and information needed to answer the allegations about GenStar in this paragraph, therefore denied.

26. National Union admits that the statements appear in the letter attached as Exhibit G, otherwise denied.

27. National Union lacks information and belief needed to answer the allegations in this paragraph, therefore denied.

28. National Union lacks information and belief needed to answer the allegations in this paragraph, therefore denied.

29. National Union admits that the statements appear in the letter attached as Exhibit H, otherwise denied.

30. National Union lacks information and belief needed to answer the allegations in this paragraph, therefore denied.

31. National Union lacks information and belief needed to answer the allegations in this paragraph, therefore denied.

32. National Union lacks information and belief needed to answer the allegations in this paragraph, therefore denied.

33. National Union lacks information and belief needed to answer the allegations in this paragraph, therefore denied.

34. National Union lacks information and belief needed to answer the allegations in this paragraph, therefore denied.

35. National Union lacks information and belief needed to answer the allegations in this paragraph, therefore denied.

36. National Union lacks information and belief needed to answer the allegations in this paragraph, therefore denied.

37. National Union lacks information and belief needed to answer the allegations in this paragraph, therefore denied.

38. National Union lacks information and belief needed to answer the allegations in this paragraph, therefore denied.

39. National Union admits the allegations in this paragraph to the extent they are admitted in the answers to ¶¶ 11 and 12, otherwise denied.

40. National Union lacks information and belief needed to answer the allegations in this paragraph, therefore denied.

41. National Union lacks information and belief needed to answer the allegations in this paragraph, therefore denied.

42. National Union lacks information and belief needed to answer the allegations in this paragraph, therefore denied.

43. National Union lacks information and belief needed to answer the allegations in this paragraph, therefore denied.

**First Claim for Relief**  
(Declaratory Judgment)

44. National Union repeats each and every answer to the allegations in ¶¶ 1 through 43 as if stated here in full.

45. Admitted.

46. Admitted.

47. National Union lacks information and belief needed to answer the allegations in this paragraph.

48. This paragraph calls for a legal conclusion, and requires no response.

49. This paragraph calls for a legal conclusion, and requires no response.

50. This paragraph calls for a legal conclusion, and requires no response.

51. This paragraph calls for a legal conclusion, and requires no response.

**Second Claim for Relief**  
(Injunction)

52. National Union repeats each and every answer to the allegations in ¶¶ 1 through 51 as if stated here in full.

53. This paragraph calls for a legal conclusion, and requires no response.

**Third Claim for Relief**  
(Breach of Contract; Compensatory Damages)

54. National Union repeats each and every answer to the allegations in ¶¶ 1 through 53 as if stated here in full.

55. National Union lacks information and belief needed to answer the allegations in this paragraph, therefore denied.

**Fourth Claim for Relief**  
(Bad Faith; Punitive Damages)

56. National Union repeats each and every answer to the allegations in ¶¶ 1 through 55 as if stated here in full.

57. National Union lacks information and belief needed to answer the allegations in this paragraph, therefore denied.

58. National Union lacks information and belief needed to answer the allegations in this paragraph, therefore denied.

WHEREFORE, National Union Fire Insurance Company of Pittsburgh, PA, demands judgment as follows on the first claim of the third-party complaint

(A) An order declaring that National Union Fire Insurance Company of Pittsburgh, PA, did not make improper charges against its policy limits and

(B) Such other relief as the Court deems just and equitable.

**Affirmative Defenses**

1. The third-party complaint fails to state a claim against National Union for which relief can be granted.

2. National Union has met all of its obligations under the insurance contracts.

3. To the extent that relief is sought against National Union, any such relief is barred by the doctrines of waiver or estoppel or laches.

4. The third-party complaint is barred by the applicable statute of limitations.

5. Plaintiff's claims are barred by the doctrine of accord and satisfaction.

6. Plaintiff's claims are barred by the doctrine of *res judicata*.

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Dated: March 27, 2006  
Wilmington, Delaware

CROSS & SIMON, LLC

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